Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

# Message Text

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ORIGIN EB-08

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APPROVED BY EB/OA/AVP:AJWHITE
----------104608 161826Z /43
O 161757Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY VIENNA IMMEDIATE

UNCLAS STATE 153705

E.O. 11652:N/A

TAGS: EAIR

SUBJECT: US POLICY FOR CONDUCT OF INTERNATIONAL AIR TRANSPORTATION NEGOTIATIONS

FOLLOWING IS A REPEAT QUOTE R 230320Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY VIENNA

1. THE ADMINISTRATION HAS BEEN DEVELOPING A POLICY FOR THE CONDUCT OF INTERNATIONAL AVIATION NEGOTIATIONS FOR SEVERAL MONTHS. A FINAL POLICY STATEMENT HAS NOT YET BEEN ISSUED. THE MAIN FEATURES OF THE POLICY WERE DISCLOSED TO INDUSTRY AND OTHER INTERESTED GROUPS MARCH 1, HOWEVER, WITH A REQUEST FOR COMMENTS, IF ANY, IN THE NEXT WEEK OR 20 10 DAYS. REPEATED FOR POSTS' INFORMATION IN PARA 3 BELOW IS THE TEXT OF THE PRESENTATION MADE TO INDUSTRY AND OTHER INTERESTED GROUPS.

2. WE ARE NOT REPEAT NOT SOLICITING VIEWS FROM FOREIGN GOVERNMENTS. POSTS MAY DRAW ON PARA 3 IN ANSWERING ANY INQUIRIES, AND MAY AT THEIR DISCRETION OUTLINE FEATURES OF
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POLICY TO GOVERNMENTS AND INTERESTED GROUPS. VIEWS ON POLICY SHOULD NOT BE SOLICITED, BUT ANY SIGNIFICANT COMMEN-TARY ON POLICY SHOULD BE REPORTED. POSTS WILL BE ADVISED

WHEN FINAL POLICY STATEMENT IS ISSUED.

3. FOLLOWING IS TEXT REFERRED TO IN PARA 1 ABOVE:

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PURPOSE OF THIS POLICY:
US INTERNATIONAL AIR TRANSPORTATION POLICY IS DESIGNED TO PROVIDE THE GREATEST POSSIBLE BENEFIT TO TRAVELERS AND SHIPPERS.

OUR POLICY FOR NEGOTIATING CIVIL AIR TRANSPORT BI-LATERAL AGREEMENTS REFLECTS OUR NATIONAL GOALS FOR INTER-NATIONAL AIR TRANSPORTATION.

THIS POLICY PROVIDES A SET OF GENERAL OBJECTIVES DESIGNED PARTICULARLY FOR MAJOR INTERNATIONAL AIR MARKETS, ON THE BASIS OF WHICH US NEGOTIATORS CAN DEVELOP SPECIFIC NEGOTIATING STRATEGIES.

BASIS FOR THIS POLICY:
OUR PRIMARY AIM OF FURTHERING THE MAINTENANCE AND CON-TINUED DEVELOPMENT OF SAFE, CONVENIENT, EFFICIENT, AFFORDABLE, AND ENVIRONMENTALLY ACCEPTABLE AIR SERVICES CAN BEST BE ACHIEVED THROUGH THE PRESERVATION AND EXTENSION OF COMPETITION BETWEEN AIRLINES IN A FAIR MARKET PLACE.

RELIANCE ON COMPETITIVE MARKET FORCES TO THE GREATEST EXTENT POSSIBLE IN OUR INTERNATIONAL AIR TRANSPORT AGREE-MENTS WILL ALLOW THE PUBLIC TO RECEIVE IMPROVED SERVICE AT LOW PRICES THAT REFLECT ECONOMICALLY EFFICIENT OPERATIONS.
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COMPETITION, LOW PRICES AND AN ECONOMICALLY EFFICIENT AIR TRANSPORTATION SYSTEM ARE ALSO FULLY COMPATIBLE WITH A PROSPEROUS AIR TRANSPORT INDUSTRYS AND OUR NATIONAL DEFENSE, FOREIGN POLICY, INTERNATIONAL COMMERCE AND ENERGY EFFICIENCY OBJECTIVES.

AIRLINE INDUSTRY PROFITABILITY AND THE INTERESTS OF OTHER NATIONS:
BILATERAL AVIATION AGREEMENTS, LIKE OTHER INTERNATIONAL AGREEMENTS, SHOULD SERVE THE INTERESTS OF BOTH PARTIES.

OTHER COUNTRIES HAVE AN INTEREST IN THE ECONOMIC PROSPERITY OF THEIR AIRLINE INDUSTRIES, AS WE DO IN THE PROPSPERITY OF OURS.

THE US BELIEVES THIS INTEREST IS BEST SERVED BY A POLICY OF EXPANSION OF COMPETITIVE OPPORTUNITY RATHER THAN THROUGH ECONOMIC RESTRICTIONISM.

BY OFFERING MORE SERVICES TO THE PUBLIC, IN A HEALTHY AND FAIR COMPETITIVE ENVIRONMENT, THE INTERNATIONAL AIR TRANS-

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PORT INDUSTRY CAN STIMULATE THE GROWTH IN TRAFFIC WHICH CONTRIBUTES BOTH TO PROFITABLE INDUSTRY OPERATIONS AND MAXIMUM PUBLIC BENEFITS. GOALS OF US INTERNATIONAL AIR TRANSPORTATION POLICY: THE US WILL WORK TO ACHIEVE A SYSTEM OF INTERNATIONAL AIR TRANSPORTATION THAT PLACES ITS PRINCIPAL RELIANCE ON ACTUAL AND POTENTIAL COMPETITION TO DETERMINE THE VARIETY, QUALITY AND PRICE OF AIR SERVICE.

AN ESSENTIAL MEANS FOR CARRYING OUT OUR INTERNATIONAL AIR TRANSPORTATION POLICY WILL BE TO WORK FOR GREATER COMPETITIVE OPPORTUNITIES FOR US AND FOREIGN AIRLINES AND TO PROMOTE NEW LOW-COST TRANSPORTATION OPTIONS FOR TRAVELERS AND SHIPPERS.

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ESPECIALLY IN MAJOR INTERNATIONAL AIR TRANSPORT MARKETS, THERE CAN BE SUBSTANTIAL BENEFITS FOR TRAVELERS, SHIPPERS, AIRLINES AND LABOR FROM INCREASING COMPETITIVE OPPORTUNITIES AND REDUCING PROTECTIONIST RESTRICTIONS.

INCREASING THE AMOUNT OF AIR TRANSPORTATION TO AND FROM THE UNITED STATES WILL CONTRIBUTE TO THE DEVELOPMENT OF OUR FOREIGN COMMERCE, ASSURE THAT MORE AIRLIFT RESOURCES ARE AVAILABLE FOR OUR DEFENSE NEEDS, AND PROMOTE AND EXPAND PRODUCTIVITY AND JOB OPPORTUNITIES IN OUR INTERNATIONAL AIR TRANSPORT INDUSTRY. TRANSLATING GOALS INTO NEGOTIATING OBJECTIVES: US INTERNATIONAL AIR TRANSPORTA-

TION POLICY CANNOT BE IMPLEMENTED UNILATERALLY. OUR OBJECTIVES HAVE TO BE ACHIEVED IN THE SYSTEM OF BILATERAL INTERNATIONAL AGREEMENTS THAT FORM THE BASIC FRAMEWORK FOR THE INTERNATIONAL AIR TRANSPORTATION SYSTEM. ROUTES, PRICES, CAPACITY, SCHEDULED AND CHARTER RULES, AND FAIR COMPETITION IN THE MARKETPLACE ARE ALL INTER-RELATED, NOT ISOLATED ISSUES TO BE RESOLVED INDEPENDENTLY. OUR OBJECTIVES WILL INCLUDE ALL OF THESE, AND WILL BE PRESENTED IN NEGOTIATIONS AS AN INTEGRATED US POSITION.

US NEGOTIATING OBJECTIVES:
WE SEEK A COMPETITIVE SYSTEM THAT:

CREATES NEW AND GREATER OPPORTUNITIES FOR INNOVATIVE AND FLEXIBLE AIRLINE PRICING TO MEET THE VARIED SERVICE AND PRICE NEEDS OF DIFFERENT CONSUMERS.

LEBERALIZES THE RULES GOVERNING CHARTER OPERATIONS OF SUPPLEMENTAL AND SCHEDULED CARRIERS. LIMITATIONS AND RESTRICTIONS ON THE VOLUME, FREQUENCY OR REGULARITY OF

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CHARTER OPERATIONS SHOULD BE ELIMINATED, AND REQUIREMENTS FOR APPROVAL OF FLIGHTS SHOULD BE PROHIBITED.

REDUCES OR REMOVES RESTRICTIONS ON CAPACITY, FREQUENCY, AND ROUTE AND OPERATING RIGHTS OF SCHEDULED CARRIERS, IN ORDER TO PROMOTE MORE EFFICIENT AIRLINE OPERATIONS AND GREATER CONSUMER TRAVELING AND SHIPPING CONVENIENCE; ELIMINATES DISCRIMINATION AND UNFAIR COMPETITIVE PRACTICES FACED BY US AIRLINES IN INTERNATIONAL TRANSPORTATION.

ALLOWS FLEXIBILITY TO DESIGNATE MULTIPLE US AIRLINES IN INTERNATIONAL AIR MARKETS.

ENCOURAGES MAXIMUM TRAVELER AND SHIPPER ACCESS TO INTERNATIONAL MARKETS BY PERMITTING EXPANSION OF NONSTOP GATEWAYS AND IMPROVING INTEGRATION OF AIRLINE DOMESTIC AND INTERNATIONAL SERVICES.

NEGOTIATING PRINCIPLES FOR US AIR TRANSPORTATION POLICY:

THE GUIDING PRINCIPLE WILL BE TO TRADE COMPETITIVE OPPORTUNITIES RATHER THAN RESTRICTIONS WITH OUR NEGOTIATING PARTNERS.

WE WILL AGGRESSIVELY PURSUE OUR INTERESTS IN EXPANDED AIR TRANSPORTATION AND REDUCED PRICES RATHER THAN ACCEPT THE SELF-DEFEATING ACCOMMODATION OF PROTECTIONISM.

OUR CONCESSIONS IN NEGOTIATIONS WILL BE GIVEN IN RETURN FOR PROGRESS TOWARD COMPETITIVE OBJECTIVES, AND THESE CONCESSIONS THEMSELVES WILL BE OF A LIBERALIZING CHARACTER.

PROPOSED BILATERAL AGREEMENTS WHICH DO NOT MEET OUR MINIMUM COMPETITIVE OBJECTIVES WILL NOT BE SIGNED WITHOUT PRIOR PRESIDENTIAL APPROVAL. VANCE UNQUOTE. NEWSOM
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# Message Attributes

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**To:** VIENNA
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